

X Federal Trust Fund Accounting in CALSTARS

Federal Trust Fund (FTF) activity is accounted by the State Controller's Office (SCO) at two levels:

- ❖ The Appropriation Level - Authority to expend Federal Funds is received through one or more agency appropriations in the Annual Budget Act. Appropriation accounts are referred to as "FY" accounts because they are identified with the 2-digit Fiscal Year of Enactment.
- ❖ The SCO "44" Account level, because the SCO assigns 44 as the Enactment Year. The SCO uses the 44 accounts as a depository for Federal receipts and transfers. Funds are held in these accounts without regard to Fiscal Year of receipt.

CALSTARS accounts at both levels to facilitate control and reconciliation with SCO accounts. F-series transaction codes were established to account for both FY and 44 accounts. The Federal Catalog/SCO Account Number, which is looked up by the Project Number/Work Phase in accounting transactions, is included on all transactions posting to Federal funds where the Fund Source is **F**. The Federal Catalog/SCO Account Number is looked up by the Project Number/Work Phase in accounting transactions. The FY accounts are accounted in the Appropriation (AP) File and 44 accounts in the Cash Control (CC) File.

Authority to receive Federal Funds is based on the grant document received from the Federal agency. Accounts representing receipt authority (44 Accounts) are established at the SCO and in CALSTARS based on an AUD10A document submitted to the SCO. The SCO establishes individual Detail (**D**) and Control (**C**) accounts to record transfers to FY accounts. A detail receipt (**R**) account, which stands alone, is established for control of receipt authority identified on the AUD10A. **44 D** accounts are summarized in an overall Control **C** account. **44 R** accounts are summarized in an overall Control **Q** account. Authority to expend Federal Funds is received through the annual Budget Act. Detail expenditure (**D**) and receipt (**F**) appropriation accounts, summarized in a Control (**C**) account, are established by the SCO in amounts authorized by the Budget Act. The detail accounts are established in CALSTARS through the use of appropriation symbols.

APPROPRIATION SYMBOLS

Agencies should establish a separate Appropriation Symbol (AS) for each expenditure appropriation account (FY **D**) and receipt appropriation account (FY **F**). Claim schedules for expenditures and advances, abatements and PFA transfers are recorded using the **D** account. Receipts from the Federal government are recorded using the **F** account.

No AS Table is required for any SCO 44 account unless cash is maintained in that account. Cash may be maintained in a 44 account when it will be transferred to another account, or when an agency is closing out a grant and the remaining funds are to be returned to the Federal Government. The accounting events for these situations are described later in this procedure.

Use these guidelines when establishing an AS Table for a 44 account:

AS Table Field	Guideline
Account Type	Use RR
Title	Use the same as on the SCO account
Program and Object	Leave blank
Character	Must match character of SCO account: 1 - State Operations 2 - Local Assistance 3 - Capital Outlay
Chapter	Use N/A
Reference	Use 980
Enactment Year	Use 44
Indicators	Use 0 (Zero) or blank except: Approp Cntl Type - Recommend 1 Cash Cntl Type - Recommend 1

ACCOUNTING FOR FEDERAL TRUST FUND ACTIVITY

A Project Number/Work Phase is required on all Federal Trust Fund accounting transactions. The Project Number/Work Phase looks up the Federal Catalog/SCO Account Number. The Project Number/Work Phase may be entered on the transaction or looked up by the PCA or Index Code.

The F-series transaction codes (TCs) have been developed to post to the Cash Control File, as do some of the standard TCs. This allows records to be maintained in CALSTARS that reflect the SCO 44 account records. It is important that the F series TCs be used for the activity in order to provide matching and reconciliation of accounts between agency accounts and the SCO records.

The three main files that relate to Federal Trust Fund accounting are:

- ✧ Appropriation File (AP)
- ✧ Cash Control File (CC)
- ✧ Grant Project File (GP)

Amounts may also be posted to other files. Refer to the Transaction Illustrations in Volume 5 of the CALSTARS Procedures Manual for complete file posting and coding requirements.

A. Expenditure and Receipt Authority

1. Receipt authority per AUD10A:

The agency submits an AUD10A document to the SCO to establish receipt authority accounts for Federal grant funds. The SCO establishes accounts with an enactment year designation of "44" (44 account). A detail (**D**) account and a control (**C**) account are established by the SCO for each combination of Federal Catalog Number and character (Support, Local Assistance). Activity in the **D** account is summarized in the **C** control account. A receipt (**R**) account is also established for each combination. The **R** account is summarized in the overall **Q** control account. The agency may record the grant authority as follows:

TC F03	Establish beginning authorization in the CC file to match the 44 R account budget set up by the SCO for each AUD10A authorization.
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2. Budget Act appropriation

The SCO establishes detail expenditure (**D**), detail receipt (**F**) and control (**C**) accounts for each Budget Act appropriation (FY) from the Federal Trust Fund. The appropriation amount is posted as a credit in the **D** and **C** accounts and as a debit in the **F** and **C** accounts. Record this activity as follows:

TC 010	Establish amount in the AP file to match the FY "D" account budget posted by the SCO. Enter lump sum using the Project Number/Work Phase.
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A N D

TC 070	Establish estimated receipts in the AP file to match the FY F account budget set up by the SCO. Break down at least by the Project Number/Work Phase, possibly by PCA, depending on Project Table GL POST LVL indicator.
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B. Accrue Receivables From and Payables To the Federal Government

1. Accrue Due from Federal Government

This entry is done when billing the Federal government for grant funds earned. Also, at year-end, the difference between total accrued expenditures and the amount drawn down, if draw downs are less, should be accrued to net the receipts and expenditure balances in Fund 0890 to zero for each grant. Record this amount as indicated below. (See "C. Receipt of Federal Funds" below for the correct liquidation entries for receipt of accrued amounts.)

TC 128	Establish Due from Federal Government for grant funds to be drawn down. Posts to AP, GP files.
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2. Accrue Due to Federal Government

At the end of the state fiscal year, if total receipts exceed total accrued expenditures, a net payable to the Federal government should be recorded to bring the Fund Balance to zero. Record this liability as described below. This entry is reversed in the new year. (See other sections of this procedure for entries to record the return of funds to the Federal government.)

TC 552	Establish Due to Federal Government for excess grant funds drawn down. Posts to AP file.
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C. Receipt of Federal Funds

1. Receipt of Federal Funds deposited directly to the State Treasury

Federal grant funds deposited directly to the State Treasurer's Office (STO) are identified by the agency on a Remittance Advice. The SCO records the receipts in the 44 accounts and automatically transfers them to the FY accounts. Entries are from the Controller's Receipt and JE documents. Use the AS for the FY account.

[TC F34	Record receipt in 44 account. Posts to the AP, CC and GP files.
and	
[TC F27	Records transfer from 44 account to FY account in the CC file.

O R

[TC F31	Funds previously accrued deposited directly to STO. Posts to AP, CC, GP files.
and	
[TC F27	Records transfer from 44 account to FY account in the CC file.

2. Receipt of Federal Funds deposited to agency checking account

Some Federal Funds are sent to the agency, deposited in the agency's checking account and remitted to the STO by agency check. Use the AS for the FY account.

TC 101	Deposit of Federal Funds in agency checking account. Posts to AP, GP files.
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O R

TC 158	Funds previously accrued deposited in agency checking. Posts to AP, GP files.
and	
TC F11/F13	Manual (F11) or automated (F13) check written to remit Federal Funds to the STO. Posts to CC file.
and	
TC F24	Record Controller's Receipt deposit in F account and transfer from the 44 D account to the FY F account. Posts to CC file.

3. Receipt of Federal Funds held in 44 account

Federal receipts may remain in the 44 account in cases when the disposition of the funds is pending or when they will be transferred to a different fund. Use the AS for the 44 account.

TC F34 Funds deposited directly to STO. Posts to the AP, CC, GP files.

O R

TC F31 Funds previously accrued deposited directly to STO. Posts to the AP, CC, GP files.

O R

TC 101	Funds deposited in agency checking account and remitted on agency check. Posts to the AP, CC, GP files.
and	
TC F11/F13	
and	
TC 172	

O R

TC 158	Funds previously accrued deposited in agency checking account and remitted on agency check. Posts to the AP, CC, GP files.
and	
TC F11/F13	
and	
TC 172	

4. Receive Federal Funds held in the 44 account (appropriation reverted)

If the Federal Trust Fund Budget Act appropriation has reverted, the receipt of related funds should be deposited and held in the 44 account pending disposition. Use the AS for the 44 account.

[TC 101	Funds for reverted appropriations deposited to
	and	agency checking account and remitted to the SCO.
	TC F12/F14	Posts to the AP, CC, GP files.
	and	
]	TC 172	

O R

[TC 158	Funds previously accrued deposited in agency
	and	checking account and remitted on agency check.
	TC F12/F14	Posts to the AP, CC, GP files.
	and	
]	TC 172	

O R

TC F35	Funds remitted directly to 44 account at the STO. Posts to the AP, CC, GP files.
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O R

TC F32	Funds previously accrued deposited directly to STO. Posts to the AP, CC, GP files.
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D. Transfer to Other Funds/Accounts

1. Transfer of Federal receipts to a fund other than 0890

Some agencies have authority to expend Federal Funds from a fund other than the Federal Trust Fund (0890). The receipts are initially posted to the FTF account, but then transferred to another fund. (See Entry C.3.-Receipt of Federal Funds, above, for the procedure to record the receipt in the SCO 44 account.) The first entry is recorded with the AS for the 44 account. The second is recorded with the receipt AS for the receiving fund. Note that separate HB4 report records will be created in the FTF appropriation for the receipt and the transfer.

[TC F41	Record transfer out of FTF 44 account. Posts to the AP, CC and GP files.
	and	
]	TC 483	Record transfer in. This is recorded in the receiving fund.

2. Transfer of Federal receipts held in 44 account to FY account

When funds have been deposited in the 44 account pending transfer using the AS for the 44 account, and the transfer is to a FY account in the FTF, record the transfer as indicated below. NOTE: If the receipt was recorded in the 44 account using the AS for the FY, use the last TC indicated in C.1 above.

TC F34R	Reverse receipt with the AS for the 44 account.
and	
TC F34	Re-post receipt with the AS for the FY account.
and	
TC F27	Post transfer between 44 and FY accounts using the AS for the FY account.

E. Expenditure of Federal Funds

Encumbrances, expenditures, advances, abatements and PFA transfers are recorded in the Federal Trust Fund using the same transaction codes used for any other fund or appropriation. If the Grant Project file is used to monitor Federal grants, project budgets should be loaded using the standard TCs for this purpose.

F. Refund of Revenue to the Federal Government

1. Transfer of Federal Funds from FY accounts to 44 accounts

This accounting event is identified by a Controller's Journal Entry usually requested by the agency. This event normally occurs when unused Federal Funds are to be returned to the Federal government or to retain funds remaining in FY accounts before the applicable appropriation reverts.

TC F34R	Reverse revenue previously recorded in the FY account
and	that is being transferred to the 44 account. Use the AS
TC F27R	for the FY account. Posts to the AP, CC, GP files.
AND	
TC F34	Re-record revenue in the 44 account. Use the AS for the
and	44 account. Posts to the AP, CC, GP files.
TC F27	

2. Claim schedule to refund Federal Funds to the Federal government

Refund claim schedules are paid from the 44 account. If a Due to Federal Government was established with a TC 552, it should be reversed at this time using TC 552R. (Note that revenue refund claim schedules should not be in the same batch with expenditure claims.)

TC F70/F11	Manual (F70) or automated (F71) claim schedule to refund revenue. Use the AS for the 44 account. Posts to the AP, CC, GP files.
and	
TC 360	Automated entry posted by the system based on the claim schedule entry.
and	
TC 252	Record the CD102 Notice of Claims Paid.

TRANSACTIONS POSTING TO THE CONTROLLER'S ACCOUNTS

Accounting transactions in the Federal Trust Fund are posted to the SCO accounts as indicated below. The correct 44 and/or FY account is identified on the document submitted by the agency requesting the transaction or in the Budget Act. The Federal Catalog/SCO Account Number must also be identified on transactions submitted by agencies.

Budget Act appropriation	Credit to Budget/Adjust column in FY D and C accounts AND Debit to Budget/Adjust column in FY F and C accounts
Receipts of Federal Funds	Credit to Budget/Adjust column in 44 D and C accounts AND Credit to Expend/Revenue column in 44 R and Q accounts
Transfer from 44 account to FY account	Debit to Budget/Adjust column in 44 D and C accounts AND Credit to Expend/Revenue column in FY F and C account
Expenditure of Federal Funds via claim schedule or transfer	Debit to Expend/Revenue column in FY D and C account
Abatement of Federal fund expenditures	Credit to Expend/Revenue column in FY D and C account
Transfer to return funds from FY account to 44 account	Debit to Expend/Revenue column in FY F and C accounts AND Credit to Budget/Adjust column in 44 D and C accounts
Claim schedule revenue refund	Debit to Budget/Adjust column in 44 D and C accounts AND Debit to Expend/Revenue column in 44 R and Q accounts

CALSTARS REPORTS FOR FEDERAL TRUST FUND

The same CALSTARS reports used to reconcile, review or report all funds and appropriations include information related the Federal Trust Fund. Some reports are designed to provide information specifically for projects and/or the Federal Trust Fund.

C02 - Federal Authorization and Cash Tracking Report - 44 Account - This report provides both receipt authorization and cash balance information for the 44 accounts. It can be used to reconcile both areas of Federal Trust Fund activity, as discussed below. It lists activity for each Federal Catalog/SCO Account Number and should match the activity posted in those accounts by the SCO. The F-series of transaction codes discussed above, which post to the Cash Control File, must be used for Federal Trust Fund activity in order for the C02 Report to be useful.

F01 - Summary of Project Revenues and Expenditures

F05 - Summary of Letter of Credit Balances

These reports provide inception to date summary information sorted by Fund and Project Number/Work Phase. They can be very useful in providing information for tracking, control, reporting, reconciling and audits related to Federal grants.

HP1 - Project Transaction Analysis Report - This report displays expenditure and revenue transactions by Object Detail or Receipt Source code within Project Number/Work Phases. It can be very useful in researching Federal grant activity when reconciling or for audit purposes.

H07 - Letter of Credit Drawdown Remittance Advice Worksheet - This report may be used to determine the proper amount to request from the Federal government based on expenditures recorded during the period. It provides information by Federal Catalog/SCO Account Number, which matches the accounts established by the SCO.

Q18 - Detail of Project Workphase Expenditures by Fund, Program and Organization - This report provides detailed information about the status of planned and actual expenditures, revenues and units/statistics for projects by fund, program and organization.

Q19 - Detail of Project Workphase Expenditures by Fund, Organization and Program - This report provides detailed information about the status of planned and actual expenditures, revenues and units/statistics for projects by fund, organization and program.

Q28 - Summary Report of Project Expenditures by Fund, Program and Organization - This report provides summary information about the status of planned and actual revenue and expenditures for projects by fund, program and organization.

Q29 - Summary Report of Project Expenditures by Fund, Organization and Program - This report provides summary information about the status of planned and actual revenue and expenditures for projects by fund, organization and program.

Q32 - Plan of Financial Adjustment Worksheet by Project

Q33 - Plan of Financial Adjustment Worksheet by Federal Catalog Number

These reports may be useful in determining amounts to be requested from the Federal grant for costs initially recorded in the Clearing Account.

Q34 - Report of Expenditures of Federal Funds - This is year-end Report 13.

RECONCILIATION OF THE FEDERAL TRUST FUND ACCOUNTS

Reconciliation of Federal Trust Fund appropriation (FY) accounts is done in the same manner as for all other appropriations. These accounts are established at the SCO from the Budget Act and identified in CALSTARS using a separate Appropriation Symbol for each account. SCO account balances are adjusted for accruals and compared to agency balances using the standard appropriation reconciliation process. Volume 3, Chapter VII, contains procedures.

A. Receipt (SCO 44) accounts

The 44 accounts can be reconciled by comparing SCO account balances with balances identified on the C02 Report. This report allows for comparison between agency records and the SCO for the ending balance of the "Budget/Adjustment", "Expend/Revenue" and "Avail/Unrealized" columns of the SCO Agency Reconciliation Report.

B. Cash in State Treasury (GLA 1140)

GLA 1140 for the Federal Trust Fund may be reconciled by adding the SCO Control (C) account (both 44 and FY) ending balances and comparing the results to the GLA 1140 balance on the G01 Report for the same period.

Reconciling appropriation accounts, 44 accounts and Cash in State Treasury is discussed in CALSTARS training Track V, Month End Process and SCO Reconciliation.

MONITORING THE FTF USING THE CASH CONTROL SHADOW INQUIRY SCREENS

For the Federal Trust Fund, the Cash Control File provides the following balances by Federal Catalog/SCO Project Number for agency information and use:

- ★ Federal Authorization Balance
- ★ Cash Balance of the SCO 44 account
- ★ Total Cash Balance for Fund 0890

The Cash Control Shadow File Inquiry Screen #2 displays the cash information on the Federal Authorization and the balance of cash in the SCO 44 account by Federal Catalog/SCO Project Number. This information is also available on the C02 Report. The total cash balance in Fund 0890 (sum of cash in the SCO 44 account and FTF Appropriations) is displayed in the Cash Control Shadow File Inquiry Screen #1 by Federal Catalog/SCO Project Number. Information on the total cash balance in Fund 0890 is available through the online inquiry screens only.

For more information, refer to Volume 1, Chapter VII, section *Cash Control Shadow File* and Volume 6, Chapter III, section *Cash Control File Reporting*, Exhibit III-C02.

Defining the Level of Detail in the Cash Control File

Within Organization Code and Fund, cash information for the FTF is tracked in the Cash Control File by the Federal Catalog/SCO Project Number. Agencies have the option to include organization Section as part of the control key. Agencies should establish cash tracking at the Section level only if there are multiple sub-organizations (where each is a separate legal reporting entity) operating under a single Organization Code and the Section Code is being used to identify the various sub-organizations. Under this situation, the Section field will appear in the Cash Control File as part of the key for cash tracking purposes. The establishment of Section level control is done through the AS Table Organization Level Indicator. For a discussion of the Organization Level Indicator, refer to Volume 2, Chapter IV-AS.

Since agencies determine whether the Section field is to be included in the Cash Control File for the FTF, it is imperative that this level be established in the initial table record. Since the Section Code is looked up by the Index Code, agencies with Section control in the Cash Control File must enter an Index Code with their cash transactions. Changes to the level of detail should be made only after careful analysis of the impact on the Cash Control and Document files. Such changes may require special adjustments to re-align the Cash Control File to the new level of detail. Agencies that anticipate such changes should contact CALSTARS for assistance.

SETTING CONTROL EDITS FOR FEDERAL AUTHORIZATIONS

An edit is performed for the FTF to insure that there is sufficient Federal Authorization before the federal receipt transaction is processed. Agencies may set the severity of this edit through the Organizational Control (OC) Table Fund Related Error Severity Segment. The error codes and messages associated with these edits are listed below along with their relative position in the Fund Related Error Severity Segment of the OC Table.

Error Codes	Position in the OC Table Fund Related Segment
F24 - FED AUTH OVEREXP-CM0	Position 24
F24 - FED AUTH OVEREXP-CM1	Position 25
F24 - FED AUTH OVREXP-PY13	Position 26

This edit is based on the difference between the Beginning Authorization Balance and the total federal receipts for the fiscal year. Agencies should review these edits in conjunction with their needs and establish the error severity level accordingly.

If the above edits are set to **F** or **blank** - Fatal in the OC Table, agencies may still override the severity for specific Project Numbers/Work Phases through the PC Table. This is accomplished when assigning the Cash Control Type Indicator code in the applicable PC Table record. For more information about these codes, refer to Volume 2, Chapter IV-PC.

The above edits may also be overridden on a transaction basis through the error correction process. This is accomplished by coding "Fund Cntl Override" or **44** in the Data Element Name field and **W** in the Data Element Correction field of the Error Correction screen.